

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the Matter of:

David Pearson

Enforcement Case No. 06-4850

Ultimate Casualty Insurance

Respondents

_____ /

Issued and entered
On 25 September, 2006
by Frances K. Wallace
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Services (OFIS) of the Michigan Department of Labor & Economic Growth, pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 *et seq*; the Michigan Insurance Code, 1956 PA 218, as amended; MCL 500.100 *et seq*. (Code), and the rules promulgated under the Code, says that:

**I
BACKGROUND**

1. At all pertinent times, David Pearson, (Pearson”) was an individual located at: 30609 Gratiot Ave., Roseville, Michigan 48066.
2. At all pertinent times, Ultimate Casualty Insurance, (“Ultimate”) was located at: 30609 Gratiot Ave., Roseville, Michigan 48066.
3. At all pertinent times, Respondent Pearson was not licensed by the Office of Financial and Insurance Services (“OFIS”) as an insurance producer in the State of Michigan. Respondent Pearson is the owner of Pearson Service Center, an automobile repair facility.
4. At all pertinent times, Respondent Ultimate was not licensed by OFIS as an insurance agency or as an insurance company to conduct the business of insurance in the State of Michigan.
5. On September 19, 2006, OFIS received a complaint concerning Respondents Pearson and Ultimate. The complaint alleged that Respondent Pearson was acting as an insurance producer and an insurance company by issuing certificates of no-fault insurance through Ultimate Insurance Company.
6. On September 20, 2006, an OFIS investigator and an Officer from the Roseville Police Department went to Pearson Service Center located at 30609 Gratiot Ave., Roseville, Michigan 48066 and spoke with Respondent Pearson.
7. The OFIS investigator asked Respondent Pearson if he was selling insurance and issuing insurance certificates. Respondent Pearson stated, “Yes.”

8. The OFIS investigator asked Respondent Pearson for a copy of all certificates of insurance that he issued. Respondent Pearson gave the OFIS investigator 63 insurance certificates that he had issued from May 24, 2006 until September 20, 2006.
9. The OFIS investigator calculated the Respondent Pearson had illegally collected 63 certificates of insurance at \$270.00 for a total amount of \$17,010.00.

II CONCLUSIONS OF LAW

WHEREAS, Section 251 of the Code, MCL 500.251 states that in the reasonable exercise of discretion, the Commissioner may issue a cease and desist order if the Commissioner finds any of the following:

- (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
- (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
- (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the Commissioner is required by this act and the person has not received authority or given notification; and

WHEREAS, the Commissioner finds that a person must be licensed under Section 1201a of the Code in order to act as an insurance producer; and

WHEREAS, the Commissioner finds that a person must be licensed under Section 402 of the Code in order to conduct transactions of insurance; and

WHEREAS, the records of OFIS disclose that Respondent Pearson is not licensed under Section 1201a of the Code to act as an insurance producer in the State of Michigan; and

WHEREAS, the records of OFIS disclose that Respondent Ultimate is not licensed under Section 402 of the Code to conduct transactions of insurance in the State of Michigan; and

WHEREAS, the Commissioner finds that Respondents Pearson and Ultimate are violating Section 4503 of the Code by committing fraudulent insurance acts; and

WHEREAS, based on the foregoing, the Commissioner finds that Respondents Pearson and Ultimate are engaged in acts and practices that violate the Code; and

WHEREAS, the Commissioner finds this action necessary and appropriate in the public interest for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the Code.

IT IS THEREFORE ORDERED, pursuant to Section 251 of the Code, that Respondent Pearson shall immediately **CEASE AND DESIST** from violating Section 1201a of the Code by acting as an insurance producer in the State of Michigan.

IT IS FURTHER ORDERED, pursuant to Section 251 of the Code, that Respondent Ultimate shall immediately **CEASE AND DESIST** from violating Section 402 of the Code by conducting transactions of insurance in the State of Michigan.


IT IS FURTHER ORDERED, pursuant to Section 251 of the Code, that Respondents Pearson and Ultimate shall immediately **CEASE AND DESIST** from violating Section 4503 of the Code by committing fraudulent insurance acts.

A person who violates or otherwise fails to comply with a cease and desist order is subject to a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate

civil fine of \$30,000.00. However, if the person knew or reasonably should have known the person was in violation of the order, payment of a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00. The Commissioner may also recover reasonable attorney fees if judicial action is necessary for enforcement of a cease and desist order under this section.

A person who is the subject of a cease and desist order may contest the order by requesting a hearing before the Commissioner not later than 30 days after the order is delivered or mailed to the person. Within 10 days after receiving the request, the Commissioner shall commence a hearing in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969. Pending the hearing, the cease and desist order continues in full force and effect unless the order is stayed by the Commissioner. Any request for a hearing should be addressed to: the Office of Financial and Insurance Services, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF
LABOR AND ECONOMIC GROWTH

By 
Frances K. Wallace,
Chief Deputy Commissioner
Office of Financial and Insurance Services